

**IOWA RACING AND GAMING COMMISSION
MINUTES
APRIL 14, 2016**

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, April 14, 2016 at Ameristar Casino Council Bluffs, LLC (Ameristar), Council Bluffs, Iowa. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; Richard Arnold, Kris Kramer and Dolores Mertz.

Chair Lamberti called the meeting to order at 8:30 AM, and moved to the approval of the agenda, noting Item 6H was being pulled from the agenda. Chair Lamberti requested a motion concerning the agenda. Commissioner Mertz moved to approve the agenda as amended. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the Welcome. Monty Terhune, General Manager of Ameristar, introduced Mayor Matt Walsh, who welcomed the Commission to Council Bluffs. He noted it has been just over 20 years since the riverboats opened, and the city still has three very successful gaming operations in the city. He advised the establishments provide entertainment and dining opportunities, but also provide consultation, board members, and ad hoc committee members that benefit the community. Mayor Walsh stated the city will be rolling out a rebranding of the city for the first time in approximately 30 years. He noted that Mr. Terhune sits on the board of the Convention and Visitors Bureau, one of three agencies involved in the rebranding, which will be providing free t-shirts. The new brand will be rolled out on the 13th anniversary of Stir Cove, which Harrah's has made available for the event.

Chair Lamberti moved to the approval of the minutes from the March 3, 2016 Commission meeting. Hearing no comments or questions, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the minutes as submitted. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to announcements, and called on Brian Ohorilko, Administrator of IRGC. Mr. Ohorilko advised there would be no meeting in May, and the June meeting would be held on June 9th at Wild Rose Jefferson, Jefferson, IA. He noted submissions for the meeting are due in the Des Moines office by May 25th.

Mr. Ohorilko provided the following dates and locations for the Commission meetings for Fiscal Year 2017:

July 14, 2016
August 18, 2016
October 13, 2016
November 17, 2016
January 5, 2017

Holiday Inn & Suites, W. Des Moines
Grand Falls Casino & Resort, Larchwood
Rhythm City Casino, Davenport
Honey Creek Resort, Moravia
Isle Casino Hotel Waterloo, Waterloo

March 7, 2017

April 13, 2017

June 15, 2017

Prairie Meadows Racetrack & Casino, Altoona

Harrah's, Council Bluffs

Isle of Capri Bettendorf, Bettendorf

Mr. Ohorilko then recognized the following Commission staff assigned to the Council Bluffs properties: Linda Baxter, Licensing Assistant; Lynette Masker and Bryan Crowdy, Gaming Representatives at Ameristar; Jeff Rethmeier and Julie Petersen, Gaming Representatives at Harrah's; and Carol Fajen and Cory Ostermeyer, Gaming Representatives at Horseshoe.

Chair Lamberti noted the Commission would be dealing with Greyhound Cessation Hardship claims later on the agenda, and thanked Commission staff who performed the background work on the claims.

Chair Lamberti moved to the review of the licensee's financial audits and called on Ameristar. Kendra Stronach, Director of Finance, noted Ameristar had several capital improvements with the main one being the opening of the High Limit Room in December 2015; another was the IPO project, which is expected to be completed in the next two months. They are also working on the VIP Lounge, and Club 38, which should be completed before summer. She advised they have several projects in the planning stage which the Commission will be hearing about in the next few months. Ms. Stronach estimated capital expenditures for 2016 would be about the same as in previous years. She stated their community spend in 2015 was \$46 million; of that \$34 million went to the state and over \$5 million to the Iowa West Racing Association (IWRA). Salaries and benefits totaled \$26 million. Ms. Stronach advised Ameristar's market share increased year over year but the overall market is down slightly.

Hearing no comments or questions concerning Ameristar's audit, Chair Lamberti called on Catfish Bend Casinos II, L.C (CBC). Gary Hoyer, Chief Executive Officer of Great River Entertainment, LLC, the parent company for CBC, advised 2015 was a good year as they experienced a 12% increase in gaming revenue, and a 13% increase in revenue overall. He indicated the increase was attributable to their revamped marketing and promotion program, floor upgrades, construction workers in the area, gas prices and a general economic upturn in southeast Iowa. Mr. Hoyer stated the equity position for CBC materially improved over last year, and substantially over prior years; as did the cash position. Operating income increased 33%, and net income was up 49%. He introduced Donald Spears, Controller, for the facility.

Hearing no comments or questions concerning CBC's audit, Chair Lamberti called on Diamond Jo, LLC d/b/a/ Diamond Jo (DJ). Wendy Runde, General Manager, and Debbie Puetz, Director of Finance, were present to address the audit. Ms. Runde advised the Dubuque market was up 1.9% in 2015; DJ saw an increase in revenue of \$3.5 million, or 5.7%; and slot revenue increased \$3.6 million while table revenue decreased slightly. She noted DJ employs an average of 318 FTEs for payroll and benefits totaling \$12.2 million; and made payments to the Dubuque Racing Association (DRA) of just under \$3 million. Their total economic impact for 2015 was just over \$47,250,000, of which \$43.1 million was spent with Iowa vendors. When gaming equipment is excluded from the \$47.2 million, 98.9% was spent with Iowa vendors. Ms. Runde advised DJ invested \$1.8 million in capital expenditures for maintenance improvements, technology

upgrades, and approximately \$1 million in keeping the slot floor fresh. Capital expenditure plans for 2016 are similar to 2015, with the addition of the new food and beverage restaurant venue, which was approved at the March meeting.

Hearing no comments or questions concerning DJ's audit, Chair Lamberti called on Diamond Jo Worth, LLC d/b/a Diamond Jo Worth (DJW). Kim Pang, General Manager, and Carrie Stapelkamp, Director of Finance, were present to address the audit. Mr. Pang indicated the facility is maintaining the status quo, noting that 2015 was good even though revenues remained flat. He noted the facility was challenged with some projects, one of which was the renovation of the gas station at a cost of approximately \$1.1 million. Other capital expenditures were for reconfiguring the slot floor and bringing in new product. Mr. Pang advised they employ approximately 400 team members, 280 from Iowa and approximately 150 from Minnesota. He stated their market continues to be robust, drawing a majority of their business from southern Minnesota. Mr. Pang advised they compete with two Native American casinos in Minnesota, and Wild Rose Emmetsburg and Isle Waterloo in Iowa. He advised 2016 is looking strong for them. They are celebrating their 10th anniversary as the facility opened on April 6, 2006; there will be celebrations throughout the month.

Hearing no comments or questions concerning DJW's audit, Chair Lamberti called on the DRA. Bill Eichhorn, Director of Finance, stated 2015 was a little less eventful, noting the purchase of the Hilton Garden Inn and Houlihan's Restaurant in 2014 and the elimination of greyhound racing. He indicated both strengthened the financial position of the facility. DRA distributed \$2.3 million in grants and the City of Dubuque received \$7.3 million. Outside of the grant program, DRA also distributed funds to the Greater Dubuque Development Corporation and United Way of approximately \$300,000 for a total of \$9.9 million to the city and charities. Mr. Eichhorn noted DJ did provide DRA with \$3 million; wages were just over \$16 million; gaming taxes totaled \$10.5 million, and capital improvements, mostly new slot machines, totaled \$1.3 million. He advised gaming revenue was down approximately 2.8%. He stated they are looking forward to 2016 and hope to see an increase in gaming revenue.

Hearing no comments or questions concerning DRA's audit, Chair Lamberti called on Harvey's Iowa Management Company, Inc. d/b/a Harrah's Council Bluffs Casino and Hotel (Harrah's). Janae Sternberg, Vice President of Finance, advised 2015 was an eventful year due to the parent company filing bankruptcy in January, which has not significantly impacted operations or the financial performance. Changes in the way various items are reflected in the financial statement are required by the bankruptcy. Ms. Sternberg advised the Council Bluffs market was down in 2015, and Harrah's saw a decrease of approximately 4.5%; however, EBITDA was up significantly year over year. She noted they spent just over \$2 million in capital for new hotel corridors, new ticket redemption kiosks on the floor, slot machines, fitness center remodel, and an upgrade to the HVAC system. Ms. Sternberg stated they are excited for 2016.

Hearing no comments or questions concerning Harrah's audit, Chair Lamberti called on HGI-Lakeside, LLC (Lakeside). Bob Thursby, General Manager, advised they saw a slight increase in revenue for 2015; and payroll and benefits totaled \$10 million. He noted there was a significant impact to the bottom line through adjustments in marketing. Mr. Thursby stated they

replaced their slot monitoring system at a cost of over \$2 million, upgraded the hotel system and installed a new phone system in 2015. He advised 2016 is off to a good start and they are looking forward to a very good year.

Hearing no comments or questions concerning Lakeside's audit, Chair Lamberti called on SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City (Hard Rock). Todd Moyer, General Manager, and Kevin Sweet, Director of Finance, were present to address the audit. Mr. Moyer commenced his report by thanking the Commission for their support and guidance to the industry. He noted 2015 was a great year for Hard Rock; the hotel was awarded the AAA 4-Diamond Award; the property received an award from the Governor's Office of Tourism as an outstanding attraction in the State of Iowa, and has won a dozen or more awards from national gaming publications, one of which named them as having the best customer service.

Mr. Moyer advised salaries, wages and benefits totaled just over \$14.7 million to the 529 team members; charitable donations to the city and county were \$4.9 million; approximately \$50.5 million, or 86.3% of total expenditures, were with Iowa vendors; and gaming taxes totaled \$17.8 million. He stated the facility had over 2.1 million visitors, noting the facility is becoming known as an entertainment destination. He stated over 86,000 people attended the various shows; coming from 46 different states.

Hearing no comments or questions concerning Hard Rock's audit, Chair Lamberti called on Wild Rose Clinton, L.L.C. (WRC). Scott Ivers, Director of Finance for Wild Rose Entertainment, and Rick Gilson, Director of Regulatory Compliance and Internal Audit, were present to address the audit. Mr. Ivers stated he would be addressing all three Wild Rose properties.

Mr. Ivers advised gaming revenue increased, noting it had decreased in previous years due to the increase of VGTs in Illinois. He stated the market has stabilized, and marketing efforts and investments in the casino floor have paid off. Capital expenditures for 2015 included upgrading the gaming floor, which will continue in 2016.

Mr. Ivers advised all three properties are located in smaller communities, and is a significant employer. He advised finding and retaining staff is a challenge in all three communities due to the low unemployment rate.

Hearing no comments or questions concerning WRC's audit, Chair Lamberti moved to Wild Rose Emmetsburg, L.L.C. (WRE)

Mr. Ivers advised gaming revenues were flat between 2014-2015. Revenues at this facility tend to be influenced by the agricultural economy. Capital expenditures for 2015-2016 will be focused on upgrading the casino floor and surveillance system.

Hearing no comments or questions concerning the WRE audit, Chair Lamberti called on Wild Rose Jefferson, L.L.C. (WRJ). Mr. Ivers noted the property opened in July 2015. He stated the first few months were great, but revenue has now stabilized. He advised there were no capital expenditures since the property is new; they will enhance areas they feel are not meeting

expectations. Mr. Ivers stated 2016 started off better than expected, and the facility is seeing a gradual increase in revenue each month.

Hearing no comments or questions concerning WRJ's audit, Chair Lamberti called on Riverside Casino & Golf Resort, LLC (RCGR). Dan White, General Manager of Shared Services for Elite Casino Resorts (ECR), introduced Dan Franz and Sharon Hasselhoff, General Managers of RCGR and Grand Falls Casino Resort, LLC (GFCR) respectively. Mr. White advised the audit for ECR includes RCGR, GFCR, and Rhythm City Casino, LLC.

Mr. White advised the audit was clean, with no internal control comments. He noted ECR was created on June 8, 2015, so the audit is set forth in two periods – January 1 – June 7, 2015 which is a combined audit for the three properties. The second time period is June 8 – December 31, 2015, post Elite and is referred to as the successor company, and is submitted on a consolidated basis of all three properties and ECR. Mr. White stated there is not much for comparables due to the creation of ECR. He advised gross revenue for fiscal year 2015 was \$218 million compared to \$220 million in the prior year. Gaming revenue was \$184.6 million, compared to \$186.2 million in the prior year, a decrease of just under 1%.

Hearing no comments or questions concerning the audit for ECR, Chair Lamberti called on Horseshoe Casino. Ms. Sternberg advised her comments regarding Caesar's bankruptcy would also apply to Horseshoe. She noted there was minimal impact on the financial performance of the property related to the bankruptcy. Ms. Sternberg advised Horseshoe's market share was down year over year due to their pull back in marketing spend related to the cash flow needs for the bankruptcy; EBITDA was relatively flat year over year, and capital expenditures were down from 2014 as they did a complete floor refresh – slot machines, signage, carpet, etc. They did purchase some new slot machines and guest transportation vehicles, replaced all of the parking lot light poles, and upgraded the pylon signage at the entrance.

Commissioner Heinrich thanked the facilities for their efforts in utilizing Iowa vendors wherever possible; noting it is important to the state and Commission.

Chair Lamberti called on IWRA. Pete Tulipana, Executive Director, noted the audit reflected a significant decrease in salaries, wages and benefits due to employee restructuring and transition of long-term employees. He also advised there is a decrease in cash and cash equivalents due to the timing of distributions to the Iowa West Foundation and the receipt of casino revenues. Mr. Tulipana advised their revenue remained flat at approximately \$7 million annually.

Hearing no comments or questions concerning the IWRA audit, Chair Lamberti called on the Iowa Greyhound Association. Brian Carpenter, Director of Racing and General Manager, and Nick Mauro, legal counsel, were present to address the audit. Mr. Carpenter noted 2015 was their first year of operations. They started with an aggressive marketing campaign in Dubuque, lower Wisconsin and the Quad Cities. He indicated the combined handle on performances was up 17% in 2015 over 2014. Mr. Carpenter indicated they plan to continue the aggressive marketing campaign and hope to continue to bring in new patrons.

Hearing no comments or questions concerning the Iowa Greyhound Association's audit, Chair Lamberti called on Prairie Meadows Racetrack & Casino, Inc., d/b/a Prairie Meadows Racetrack & Casino. Brian Wessels, Director of Finance, advised 2015 exceeded their expectations. Charitable contributions and the lease payments to Polk County were \$31.1 million; gaming taxes and fees were \$45.2 million; salaries, wages and benefits were \$58.7 million for an average of 1,003 employees. Capital improvements were \$11 million, including the remodel of the Triple Crown and AJ's Restaurant.

Chair Lamberti stated several of the audits had minor deficiencies the Commission will want to track. He noted that in many cases the deficiencies have already been addressed and a response provided to Commission staff. He stated that if there are ongoing deficiencies, facility staff should keep in touch with Commission staff to insure the deficiencies are addressed.

Chair Lamberti noted revenue at several facilities was flat, with a few seeing an increase in revenue. He indicated the fact that it did not take much time to review the audits is a testament to how the facilities are being managed.

Chair Lamberti moved to the contract approval portion of the agenda and called on Hard Rock. Mr. Moyer presented the following contracts for Commission approval:

- Konami Gaming, Inc. – Slot Machine Purchases/Leases
- Sure Sound & Lighting – Lighting and Sound for Stage Equipment
- Prevail Marketing, LLC d/b/a Prevail Promotions – Marketing Promotions
- Walk on Tours, Inc. – Entertainment Act
- JRNEWO, Inc. – Entertainment Act

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by Hard Rock. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on WRE. Amy Rubel, General Manager, presented a contract with Bally Technologies for gaming equipment and leased machines for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contract as presented by WRE. Commissioner Kramer seconded the motion, which carried unanimously.

Ms. Rubel noted that WRE is also celebrating its 10-year anniversary, and invited everyone to attend a concert on May 28th.

Chair Lamberti called on DRA. Mr. Eichhorn presented a contract with Midwest Casino Supply for slot and table chairs for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contract as submitted by DRA. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on GFCR. Ms. Hasselhoff presented the following contracts for Commission approval:

- Bally Technologies – Gaming Leases and Equipment
- Coca Cola Bottling – Beverage Contract
- Global Payment Systems – Check Guarantee Agreement
- Global Payment Systems – Credit/Debit Card Cash Advance Agreement

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by GFCR. Commissioner Kramer seconded the motion, which carried unanimously.

Commissioner Heinrich asked about the golf course. Ms. Hasselhoff stated the course opened the previous day, and noted there were over 70 on the books to play on Saturday. She indicated the facility would be ready for everyone in August.

Chair Lamberti called on Rhythm City. Joe Massa, Chief Operating Officer for ECR, submitted the following contracts for Commission approval:

- Bally Technologies – Corporate – Shuffler Lease for Table Games
- Best Buy – Electronics for New Property
- Cintas Corporation – Employee Uniforms
- Edward Don & Company – Disposables, Smallwares Purchases
- Egads Sign Shop – Interior Signage
- Greenwood Cleaning – Cleaning Equipment & Supplies
- Guest Supply, a Sysco Company – Hotel Room Supplies & Linens
- IGT – Slot Parts & Supplies
- Iowa Audio Visual – Sound Equipment
- Mills Chevrolet - Vehicles for New Property & Allowance for Future Marketing Promotions
- Neesvig's – Specialty Food Purchases
- Oracle Hospitality – Gaming – Hotel Property Management System
- Paragon Commercial Interiors – Office Furnishings (RP)
- Team Services – Construction – Settlement Monitor Plates & Special Testing
- US Foods – Food Purchases

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by Rhythm City. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Isle of Capri Bettendorf, L.C. (IOCB). Nancy Ballenger, General Manager, presented the following contracts for Commission approval:

- Mediacom – Three-Year Contract for Cable Services
- 2nd Wind Exercise, Inc. – Five-Year Lease for Exercise Equipment

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by IOCB. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the Fourth Amendment to the Real Estate Lease between Green Bridge Company and IOCB.

Hearing no comments or questions concerning the amendment to the lease, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the Fourth Amendment to the Real Estate Lease as submitted. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Harrah's. Ms. Sternberg presented the following contracts for Commission approval:

- Burton Plumbing – Plumbing Contractor
- MCL Construction – Construction Vendor
- United States Playing Card Co. – Playing Cards and Dice Vendor

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contracts as submitted by Harrah's. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on the Iowa Greyhound Association for an update on the live race meet. Mr. Carpenter noted they conducted simulcasting in January and February this year, March figures were double from March 2015, and April is looking good so far. He stated they have contracted with ten (10) kennels, and opened the compound on April 1st. Mr. Carpenter advised morning schooling started on April 4th, and over half of the kennels have brought in their puppies and started schooling them. More kennels will start arriving in two weeks when the Florida tracks start closing for the summer. Official schooling will commence on April 30th, and live racing starts on May 14th and runs through October 22nd. He noted the track will be following the same schedule as last year, but has added the holidays of Memorial Day, July 4th and Labor Day. Mr. Carpenter stated the stakes races will remain the same as last year, but purses for the season were increased by \$200,000.

Commissioner Mertz stated she was glad to hear they are doing well, and hope things continue to go well in 2016. Mr. Carpenter stated the aggressive marketing campaign seems to be helping.

Chair Lamberti called on PMR&C for an update on the thoroughbred meet. Gary Palmer and Derron Heldt, General Manager and Director of Racing respectively, were present to address the agenda items.

Mr. Heldt advised stall applications were due on March 22; they received over 1,700 applications which is about 150 more than last year. He noted the facility has 1,350 stalls; they have been in discussions with the trainers to get a better idea of how many horses they anticipate bringing to the facility. Mr. Heldt stated there are 365 horses on the backside currently with 36 trainers. He feels stall space will be at a premium this year and they will not be as light on horses as they have been in previous years. He advised the barn area opened on April 1st, and the training track opened on April 3rd; horses are allowed to train on that track for one week. The main track opened on April 10th. Mr. Heldt stated the track is fully operational on the backside. He stated the meet at Oaklawn Park in Hot Springs, Arkansas ends on Saturday; PMR&C will see a big influx of horses in the next two weeks. Mr. Heldt advised the season opens on April 28th. He noted there is a change in the post time; on Thursday and Friday the post time will be 5:30 PM; and Saturday's post time will be 1:00 PM as opposed to 6:30 PM last year. He advised the racing department has worked closely with Food and Beverage, Marketing and Special Events in an attempt to come up with events to hold on the apron once racing ends at 4:45 PM. Mr. Heldt indicated there will be some outdoor concerts that will go until 10:00 PM. He also said they are having some "corporate days" and have been working with various companies to bring their employees out for a day at the races on Saturdays.

Mr. Heldt noted the Kentucky Derby is the first weekend of May. He advised the Albaugh family from Ankeny owns a horse that won a \$1 million race in Kentucky, which is a prep race for the Kentucky Derby. Mr. Heldt indicated that should lead to increased interest in the Kentucky Derby and attract more people to the track in order to bet on the horse. The name of the horse is Brody's Cause, and it is considered one of the top five horses in the field.

Mr. Heldt stated some major improvements have been made during the off-season; the facility went high-definition throughout the casino and racing area; and has re-opened the track kitchen for the horsemen.

Commissioner Mertz stated she was glad to hear the track was taking steps to increase the love of horse racing in Des Moines and at PMR&C. She congratulated them on the things they are doing and wished them a banner year in 2016.

Mr. Palmer presented a contract with Trane Iowa Equipment for a street sweeper for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contract as submitted by PMR&C. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the hearings before the Commission and called on Mr. Ohorilko. Mr. Ohorilko advised Commission staff and GFCR had entered into a Stipulated Agreement

regarding a violation of Iowa Code 99F.4(22) (Self-Exclusion). He stated the individual signed the state-wide self-exclusion form at Hard Rock on December 13, 2015. The individual entered GFCR on December 18th, and due to some confusion on the part of GFCR's staff, was allowed to obtain a Player's Club Card and free play, which triggered the referral to the Commission. He noted GFCR caught the error on the same day; however, the individual had already left the facility. GFCR staff did catch the individual when they re-entered the facility the following day. Mr. Ohorilko stated this is the first violation of this nature for GFCR in the past 365 days. He requested approval of the proposed Stipulated Agreement.

Ms. Haselhoff apologized for the incident, noting the facility takes this issue very seriously. Their system provides alerts when a self-excluded person comes on property, and that has been in place since the facility opened; and employees are expected to pay attention to the numerous alerts. She stated the employees involved in the situation have been re-trained as well as all personnel in the Resort Club, Security, Surveillance and Cage to make sure they understand the importance of the alerts in the system and the proper procedures so these situations are handled properly. Ms. Haselhoff advised that during a review of the process from start to finish to insure that all procedures are correct staff found two additional self-banned individuals in the database that were from previous years; Commission staff was informed. As the records for those individuals did not contain social security numbers, GFCR was not 100% certain the individuals were self-banned. They have added additional steps within the process in order to better scrub their distribution lists; they are also comparing addresses and not just relying on social security numbers. She stated they will continue to educate employees on the importance of following the established Standard Operating Procedures and Internal Controls.

Hearing no comments or questions, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the proposed Stipulated Agreement as presented with an administrative penalty of \$3,000. Commissioner Mertz seconded the motion, which carried unanimously.

Mr. Ohorilko moved to the next hearing and advised Commission staff and RCGR management had entered into a proposed Stipulated Agreement for a violation of Iowa Code 99F.4(22) (Self-Exclusion). Mr. Ohorilko noted the individual signed the form on December 15, 2004 at Rhythm City in Davenport, and was added to RCGR's system on August 17, 2007. The individual entered RCGR on April 29, 2014 and was issued a Player's Club Card. Between April 29, 2014 and February 18, 2016, the individual gambled at least 24 times and received promotional mailings, which would trigger the referral. Mr. Ohorilko stated RCGF discovered the issue during an audit of their player's tracking system and self-reported to the Commission. He advised RCGR has agreed to pay an administrative penalty between \$3,000 and \$20,000; this is the second violation of this nature in the past 365 days. He requested approval of the proposed Stipulated Agreement.

Mr. Franz noted GFCR and RCGR share internal audit staff, and apologized for the extended time frame of the incident. He stated the facility is in the process of meeting with front-line employees to provide additional training. Mr. Franz stated the previous incident had to do with the procedures at the cage, and this incident occurred at the Resort Club desk. Mr. Franz stated management of both areas is meeting one-on-one with employees in those areas to emphasize the

importance of paying attention to the alerts that come up in the system and taking another look at the information being provided and comparing it to the entry in the system. He noted RCGR is also improving its audit process to look at more points of data during their review of their lists. They have added a partial social security number match, instead of just matching a full social security number. Mr. Franz apologized for the situation, and stated the facility would take the necessary steps to prevent this situation from occurring in the future.

Hearing no comments or questions, Chair Lamberti requested a motion. Hearing none, Chair Lamberti moved to approve the proposed Stipulated Agreement with an administrative penalty of \$5,000. Commissioner Kramer seconded the motion, which carried unanimously.

Mr. Ohorilko moved to the final hearing before the Commission, noting that Commission staff and IOC Black Hawk County, Inc. d/b/a Isle Casino Hotel Waterloo management have entered into a proposed Stipulated Agreement regarding a violation of Iowa Code Iowa Code § 99F.9(5) (Minor). On January 17, 2016, a 20-year old patron approached the turnstile, was able to access the gaming floor unchallenged, gambled and was on the floor for at least 30 minutes; these items would trigger the Commission referral. Approximately 45 minutes after the individual gained entry to the gaming floor, a table games supervisor contacted Security to perform an identification check on the individual. The individual was identified at that time and was asked to leave the floor. Mr. Ohorilko noted that Isle Waterloo has incorporated a number of other controls to prevent further incidents. He stated IOC Black Hawk County has agreed to an administrative penalty of \$20,000, and requested approval of the proposed Stipulated Agreement.

Todd Connelly, General Manager, stated he has been on property since January 6th, and pointed out he received a fine from last July at his first meeting, and then received a phone call 4 days later that a minor had gained access to the casino floor. He stated a party bus showed up; the next time that occurs, all individuals will be sequestered to insure security staff has the ability to check everyone's identification. Mr. Connelly stated an Iowa vendor with whom the facility has conducted business decided to help a minor gain access to the floor. The first person off the bus, who was believed to be intoxicated, engaged the security guard. He advised that in reviewing the situations when minors have gained access to the floor, they all occurred during off-times, not during a busy Friday or Saturday. Mr. Connelly stated two security guards will be in place during the time frames in which any incident for which the facility has been fined has occurred. He advised the facility has terminated its contract with the local vendor; the security guard was also terminated, and anyone who interacted with the individual was written up. They have added additional procedures to allow security to better scrutinize who is going onto the casino floor.

Mr. Connelly noted their proximity to UNI creates issues for them. He stated they have created a Fathead poster showing the individual being arrested and fined \$2,000, providing underage individuals an opportunity to determine if the risk is worth the outcome.

Hearing no comments or questions, Chair Lamberti moved to approve the proposed Stipulated Agreement and administrative penalty of \$20,000. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the Greyhound Cessation Hardship Claims, noting this is new territory for the Commission. They are part of the cessation of greyhound racing and the rules that were adopted. He noted the rules allowed individuals or entities to submit hardship claims based upon the cessation of racing in Council Bluffs. He stated Item 10D had been withdrawn for today's meeting. Chair Lamberti stated the Commission does not have any procedures in place, but each individual listed has filed their claim and Commission staff has investigated those claims. He stated the Commission would like each individual to present their claim and any other pertinent information, which will provide the Commission with an opportunity to ask questions.

Chair Lamberti called on Dr. George W. Darnell. Dr. Darnell thanked Commission staff for their help throughout the process. He stated he was applying under IAC §491-7.15(2)f, and would not receive funds under any other provision of the rules. Dr. Darnell stated he graduated from Iowa State University in 1978 and opened his practice in 1980. He advised he has been licensed by the Commission since February 1986; he started treating racing greyhounds three weeks before Bluffs Run opened, and was forced to stop due to the cessation of greyhound racing at Bluffs Run. Dr. Darnell stated his practice evolved into a specialized greyhound practice, making up 95% of his business. He stated he invested in a mobile vet clinic, supplies, medications, specialized orthopedic equipment, and advanced education in order to more effectively treat the racing greyhounds at the track. During Bluffs Run's peak time, he had several employees and earned considerably more than he has averaged over the last several years; and indicated the Commission should have his income average for the past 8 years. This income is now gone, and he does not plan to relocate at this stage of his life in order to continue his greyhound practice. Dr. Darnell stated he is requesting the maximum allowable distribution, which after taxes, would equal less than one year of income.

Chair Lamberti asked Dr. Darnell if he has other income and business interests outside of his practice at the track. Dr. Darnell advised he does have some regular clients who have been with him for several years, as well as some family and neighbors from which he derives no income. Chair Lamberti asked Dr. Darnell if he was going to continue his private practice. Dr. Darnell answered in the affirmative.

Chair Lamberti stated the rules grant a fair amount of discretion to the Commission to make the determinations and don't provide much direction other than the hardship needs to be related to the cessation of racing. He stated that based upon the claim submitted, and the work staff did, the Commission believes there has been a loss suffered as a result of the cessation of racing at Bluffs Run. He stated the Commission attempted to take into account the income that has been earned previously as well as other income and the ability to continue to generate income to make up for some of the loss. Chair Lamberti stated it is in the Commission's discretion to try to address the hardship. Based upon the aforementioned factors and the belief there is some opportunity to continue to practice and grow the practice, and generate income from other endeavors, Chair Lamberti moved to approve the hardship claim in the amount of \$50,000.00. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Lori Fortune. Ms. Fortune advised she had worked in the business for almost 20 years, and was a trainer for 13 years. She stated she lost her job and business when the

track closed. Her job was a split shift job, which allowed her to do the paper in between shifts. Ms. Fortune indicated it would be difficult to find a job that would come close to equaling her previous income. She stated most of the money she received from her trainer claim went to taxes and medical bills.

Chair Lamberti stated it was his understanding the claim before the Commission is related to the paper business. Ms. Fortune indicated that was correct. Chair Lamberti stated it appears the average net profit for the previous five years was approximately \$11,000 per year. Ms. Fortune answered in the affirmative. Chair Lamberti stated she had submitted a claim for \$56,500. Ms. Fortune indicated that was correct, that she determined the figure by reviewing her taxes.

Hearing no further comments or questions, Chair Lamberti stated he believes there is a hardship due to the loss of the business related directly to the cessation of racing at Bluffs Run. In determining an amount, Chair Lamberti stated he was taking into consideration the net income for the past five years, which is mentioned in some of the legislation with respect to other payments, and provides some guidance here. He stated that at some point Ms. Fortune would have to attempt to find another job; that the Commission is not tasked with making someone whole forever. Based on the aforementioned details, Chair Lamberti moved to find a hardship and approve the claim in the amount of \$30,000. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Kennel Supply, LLC. Jon Stidham, owner, indicated he started the business in 2008 to fill a void in the supply of greyhound feed and supplies at Bluffs Run. He stated he made a substantial investment in real estate and facilities to provide the services needed, approximately \$250,000 for a building, freezer, and real estate. In 2014, he decided to cease operations at Bluffs Run in order to diversify the business and provide feed and supplies out-of-state. Mr. Stidham advised the hardship money will help offset lost income so far this year and enable Kennel Supply to survive and diversify further. He stated he has no intention of moving out-of-state, and plans to continue to operate Kennel Supply and supply meat and supplies at Iowa Greyhound Park. He noted the volume sold at Iowa Greyhound Park will be significantly less than at Bluffs Run. Mr. Stidham requested approval of his hardship claim.

Chair Lamberti stated it was his understanding the business continues to operate. Mr. Stidham answered in the affirmative. Chair Lamberti asked if he had operations in other states. Mr. Stidham stated he does provide supplies via UPS to out-of-state locations. He advised he had lost a contract with his meat supplier in Wisconsin due to the cessation of racing at Bluffs Run, but does still do business with them. The meat supplier is now able to sell their meat elsewhere without going through him.

Hearing no further comments or questions, Chair Lamberti agreed there had been some loss as a result of the cessation of racing at Bluffs Run, and was trying to balance the size of the entity to the other jurisdictions where he potentially has the ability to grow the business in the future to make up for the loss of the racing at Bluffs Run. Chair Lamberti, based on the totality of the situation, the size of the business and opportunities available, and the business risks that are

inherent with any business, moved to find there was no hardship and deny the claim. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Eric Pelto. Mr. Pelto stated he came to Council Bluffs in February 1986, and was involved in the installation of the television systems, public address system, and surveillance system when the facility was turned into a casino, and the day-to-day operations of the simulcasting. Mr. Pelto stated he was asking for the maximum. After 35 years with Sport View Technologies at Bluffs Run, he didn't think it would end like this. He indicated he is most concerned about the loss of insurance for his family, and the mortgage payment.

Chair Lamberti noted his former employer confirmed they did not have a position to move him into. Mr. Pelto answered in the affirmative. Chair Lamberti pointed out that Mr. Pelto indicated he had applied for various jobs, and inquired as to whether or not he had found employment. Mr. Pelto stated he had his first interview earlier in the week, and has a second interview scheduled; he is feeling optimistic.

Chair Lambert stated this is the type of hardship case the Commission was anticipating; one that is truly related to the cessation of racing; that there wasn't another position for him to move into as his position was specialized. Chair Lamberti stated the Commission has his income information beyond the five-year mark. Chair Lamberti found there was a hardship, and moved to approve the hardship claim in the amount of \$100,000. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Jeana Wilhite. Ms. Wilhite advised that part of her original letter to the Commission was incorrect; she stated her hardship is that she no longer has a feasible place to run her Iowa-bred dogs. She stated she has two win sheets – one from Florida and one from Bluffs Run. She advised that when a Grade D dog wins a race in Florida, she receives \$152.44; at Bluffs Run her check would total \$789.09. She noted Dubuque runs six months out of the year and she contacted all ten kennel owners. Most did not return her calls; those that did indicated they did not have room for her greyhounds. Ms. Wilhite stated she was able to place her dogs in one kennel. She stated that if she continues to raise Iowa-bred greyhounds, she would not have anywhere to run them due to the cessation of racing at Bluffs Run and the Dubuque kennel owners have previous obligations. Ms. Wilhite stated she will receive cessation funds next year but at this time, her expenses exceed her income. She stated she needs help now as she is no longer able to go out and get a job due to physical limitations. She stated the last 30 years of her life have been devoted to her greyhound business. She advised her husband has been disabled since 2004, and she is trying to care for him at home.

Chair Lamberti noted the original application referenced events that occurred in 2012. Ms. Wilhite again referenced medical issues for herself and husband during that time frame. She indicated that if she could have continued to raise dogs her average income would have been between \$30-40,000 per year. Ms. Wilhite stated she knew Bluffs Run was going to close. She indicated that if she would have continued to raise a lot of dogs she would have spent a lot of money and time, and they would have gone to Florida where she wouldn't have made as much

money as she made running her dogs at Bluffs Run. She was a non-paid assistant trainer in a kennel at Bluffs Run for two years so she could check her dogs for injuries.

Chair Lamberti asked if she would be eligible for the annual payments. Ms. Wilhite answered in the affirmative; that she just needs help paying her bills this year. She indicated it takes 1½ years to receive disability payments; that she probably has another 5-6 months to wait. Chair Lamberti stated he is struggling with is the delay of the payments from the other part of the fund until 2017, which is out of the Commission's control, and that her claim is not directly related to what the hardship claims are intended for. He stated the hardship claims are not intended to be a bridge loan between now and start of the annual payments. Chair Lamberti indicated that while he is sympathetic to the health issues, the hardship fund is for a loss of income directly related to the cessation of racing. In reviewing the income for the past five years, he stated he did not see a lot of income that was generated. Chair Lamberti reiterated the hardship payments were not designed to bridge the gap between now and the start of the disbursement of the annual payments.

Ms. Wilhite asked Chair Lamberti what he considered a hardship. Chair Lamberti stated the rules provide the Commission discretion to determine what constitutes a hardship, but it must be directly related to the cessation of racing. Ms. Wilhite pointed out that Bluffs Run is closed. Chair Lamberti concurred, but noted her business changed significantly starting in 2012, which had nothing to do with the cessation of racing. Ms. Wilhite advised that she still has dogs racing. Chair Lamberti indicated that fact was taken into consideration, noting that it was not as well-paying as racing at Bluffs Run.

Hearing no further comments or questions, Chair Lamberti stated the claim before the Commission did not fit into the intent of the hardship claims, and moved to deny the claim. Commissioner Mertz seconded the motion, which carried unanimously.

As there was no Public Comment, Chair Lamberti moved to Administrative Business and called on Mr. Ohorilko regarding the distribution of the Horse Racing Promotion Fund. Mr. Ohorilko advised there is \$1,270.57 available for distribution. He stated the Commission received applications from the Iowa Thoroughbred Breeders and Owners Association (ITBOA) and Iowa Harness Horsemen's Association (IHHA). He indicated both applications were sufficient and eligible to receive funds.

Chair Lamberti asked Mr. Ohorilko if he was proposing the monies be distributed equally. Mr. Ohorilko answered in the affirmative, which would be consistent with past practice.

Chair Lamberti moved to divide the Horse Racing Promotion Fund equally between the ITBOA and IHHA. Commissioner Mertz seconded the motion, which carried unanimously.

Hearing no further business to come before the Commission, Chair Lamberti requested a motion to adjourn. Commissioner Kramer so moved. Commissioner Arnold seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK